

SANTA CRUZ COUNTY ECONOMIC FORECAST

Santa Cruz County is located on the central coast of California and is the second smallest county in terms of physical size behind San Francisco. Santa Cruz County has a population of 270,300 people and 98,500 wage and salary jobs. The per capita income in Santa Cruz County is \$45,450, and the average salary per worker is \$44,815.

In 2009, 3,350 total wage and salary jobs were lost in Santa Cruz County, representing an employment decline of 3.3 percent. Non-farm employment fell by 4,300 jobs, a decline of 4.6 percent. Farm employment increased by 940 jobs in 2009, an increase of 11.2 percent. The annual unemployment rate rose to 12.1 percent in 2009.

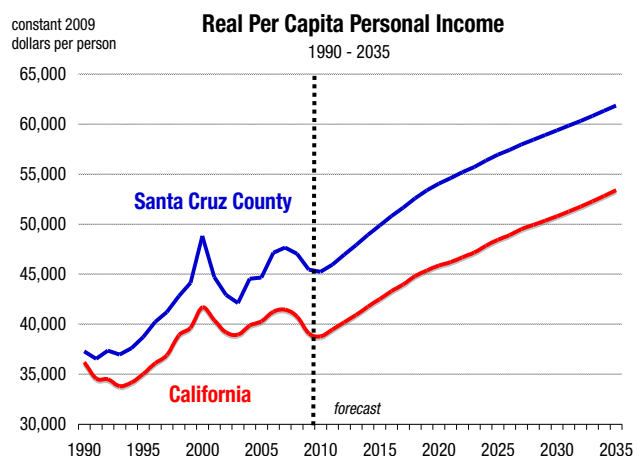
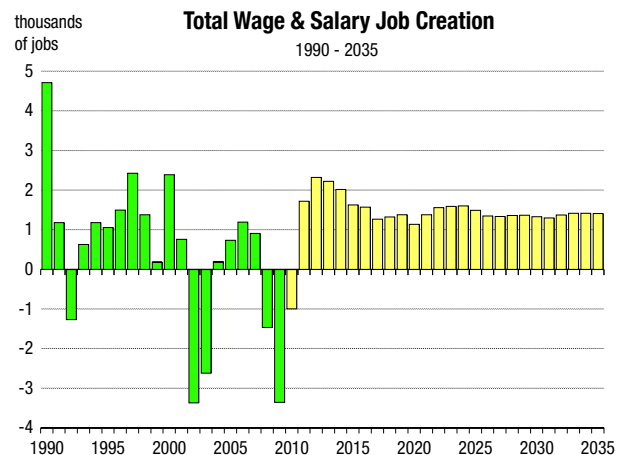
Aside from farm employment the only sector to create jobs during 2009 was transportation warehousing and utilities, though the increase was insignificant. Many of the public sector jobs are associated with the University of California located in Santa Cruz. The construction, manufacturing, leisure, and retail trade sectors each lost at least 500 jobs in 2009.

During 2009, the population grew at a rate of 1.0 percent. The fastest growing city in the county was Santa Cruz, which grew 1.7 percent from January 2008 to January 2009. The largest city in the county is also Santa Cruz with a population of 58,982.

Though employment growth has been negative for much of the decade, the creation of jobs is forecast to accelerate over the next several years. However, population growth will remain modest due to low rates of home building and higher than average home prices.

FORECAST HIGHLIGHTS

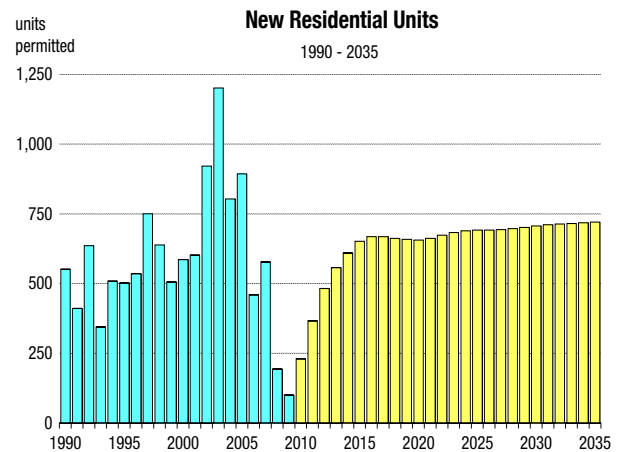
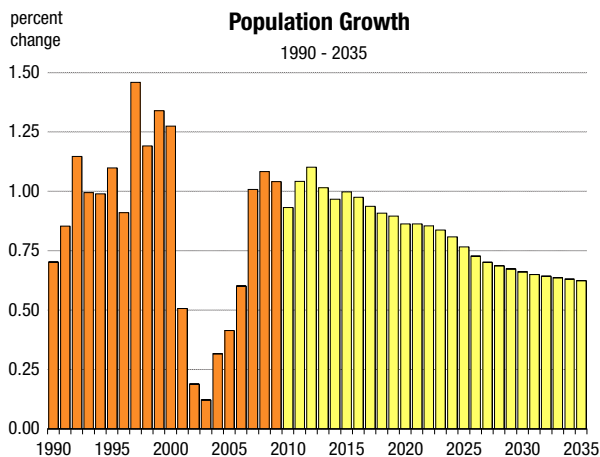
- Job growth remains negative in 2010 at -1.0 percent. From 2010 to 2015, a 2.0 percent average annual growth rate is forecast. Non-farm employment increases by an average of 2.1 percent per year over the same period.
- Average salaries adjusted for inflation are currently below the California state average. Inflation adjusted salaries are expected to rise an average of 1.4 percent per year between 2010 and 2015.
- Between 2010 and 2015, the principle job creation occurs in construction, healthcare and education, retail trade, and government. These sectors each grow by over 1,000 jobs, and account for 68 percent of the net job growth over the next five years. Employment growth is broad based, with every sector recording gains in employment of at least 3.8 percent.
- Population growth will remain modest over the foreseeable future. Annual growth in the 2010 to 2015 period averages 1.0 percent per year.
- Net migration is forecast to decline in 2010 to 583 persons. Between 2010 and 2015 net migration is expected to average 900 people per year.
- Real per capita income is forecast to decline 0.5 percent in 2010. From 2010 to 2015 real per capita incomes are forecast to increase approximately 2.0 percent per year.
- Total taxable sales adjusted for inflation are expected to increase by an average of 3.6 percent per year between 2010 and 2015.
- Industrial production is forecast to increase by 1.2 percent in 2010. During the 2010 to 2015 period industrial production will increase by an average of 3.9 percent per year.
- Farm production is forecast to increase by 1.9 percent per year between 2010 and 2015. The principal crop in the county is strawberries.



Santa Cruz County Economic Forecast

2002-2009 History, 2010-2035 Forecast

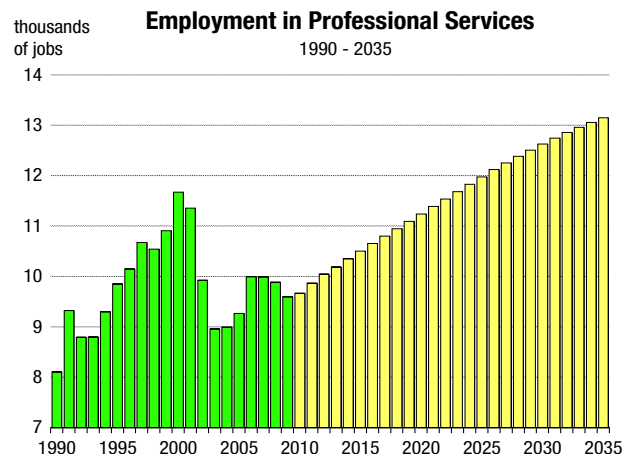
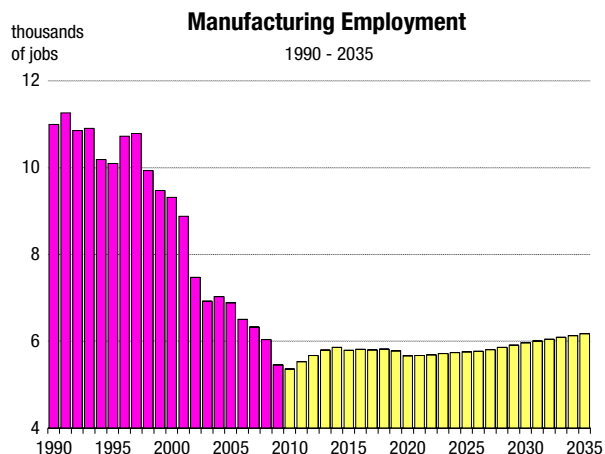
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2002	258,255	-1,292	236.4	92.0	922	\$2.8	\$9.5	\$42,932	1.6	0.34	0.97	7.4
2003	258,571	-1,267	231.6	92.4	1,202	\$2.8	\$9.5	\$42,121	1.8	0.43	0.95	7.8
2004	259,390	-990	244.7	93.3	804	\$2.9	\$10.2	\$44,552	1.2	0.51	1.00	7.0
2005	260,464	-770	241.0	94.7	894	\$3.1	\$10.5	\$44,658	2.0	0.46	1.05	6.3
2006	262,032	-316	243.3	95.2	460	\$3.2	\$11.5	\$47,131	3.2	0.45	1.06	5.7
2007	264,674	593	241.8	95.9	578	\$3.2	\$12.1	\$47,673	3.4	0.51	1.06	5.9
2008	267,541	936	241.9	96.3	194	\$3.1	\$12.4	\$47,037	3.0	0.49	1.03	7.4
2009	270,327	827	238.0	96.6	100	\$3.0	\$12.3	\$45,450	0.8	0.48	0.99	12.1
2010	272,848	583	238.3	96.8	230	\$2.9	\$12.6	\$45,223	2.1	0.48	1.00	12.0
2011	275,693	917	239.0	97.1	366	\$3.1	\$13.3	\$45,947	2.4	0.49	1.04	10.8
2012	278,731	1,124	240.6	97.4	483	\$3.3	\$14.0	\$46,934	2.1	0.50	1.10	9.9
2013	281,561	944	243.0	97.9	558	\$3.5	\$14.7	\$47,902	2.2	0.51	1.15	9.1
2014	284,283	867	245.9	98.5	610	\$3.7	\$15.5	\$48,924	2.2	0.52	1.19	8.3
2015	287,120	1,026	248.7	99.1	652	\$3.9	\$16.4	\$49,877	2.2	0.52	1.21	7.7
2016	289,921	1,002	251.3	99.8	668	\$4.1	\$17.2	\$50,815	2.2	0.53	1.23	7.4
2017	292,640	923	253.4	100.5	669	\$4.3	\$18.0	\$51,637	2.2	0.54	1.26	7.3
2018	295,300	857	255.2	101.3	663	\$4.4	\$18.9	\$52,594	2.2	0.55	1.29	7.2
2019	297,946	845	256.8	102.0	659	\$4.6	\$19.8	\$53,391	2.2	0.56	1.32	7.0
2020	300,518	798	258.2	102.7	656	\$4.7	\$20.6	\$54,051	2.1	0.56	1.33	6.9
2021	303,113	857	259.8	103.4	663	\$4.9	\$21.6	\$54,599	2.5	0.56	1.37	6.9
2022	305,704	911	261.6	104.1	674	\$5.1	\$22.6	\$55,184	2.6	0.56	1.41	6.8
2023	308,263	931	263.8	104.8	684	\$5.3	\$23.6	\$55,720	2.5	0.57	1.45	6.7
2024	310,756	933	266.3	105.5	690	\$5.5	\$24.6	\$56,350	2.4	0.58	1.49	6.6
2025	313,139	909	268.8	106.3	692	\$5.7	\$25.7	\$56,940	2.5	0.60	1.53	6.5
2026	315,418	873	271.5	107.0	692	\$5.9	\$26.7	\$57,427	2.5	0.61	1.58	6.4
2027	317,630	864	274.1	107.7	694	\$6.1	\$27.9	\$57,968	2.6	0.61	1.63	6.4
2028	319,813	865	276.5	108.5	698	\$6.3	\$29.1	\$58,446	2.8	0.62	1.68	6.3
2029	321,968	853	278.7	109.2	702	\$6.5	\$30.3	\$58,913	2.7	0.63	1.74	6.3
2030	324,098	848	280.8	110.0	707	\$6.7	\$31.6	\$59,379	2.7	0.63	1.81	6.2
2031	326,204	826	282.9	110.7	711	\$7.0	\$32.9	\$59,838	2.7	0.62	1.87	6.1
2032	328,301	813	285.0	111.5	714	\$7.2	\$34.2	\$60,323	2.7	0.63	1.94	6.1
2033	330,391	802	287.0	112.3	716	\$7.5	\$35.7	\$60,825	2.7	0.64	2.01	6.2
2034	332,475	790	289.1	113.0	718	\$7.7	\$37.2	\$61,334	2.7	0.66	2.09	6.2
2035	334,550	779	291.2	113.8	721	\$8.0	\$38.7	\$61,852	2.7	0.67	2.16	6.3

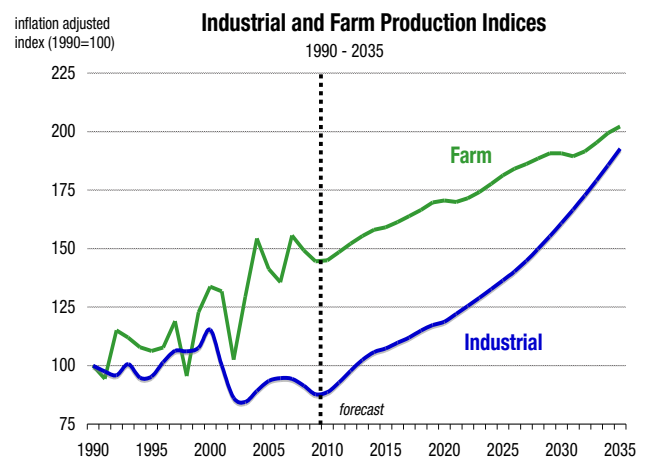
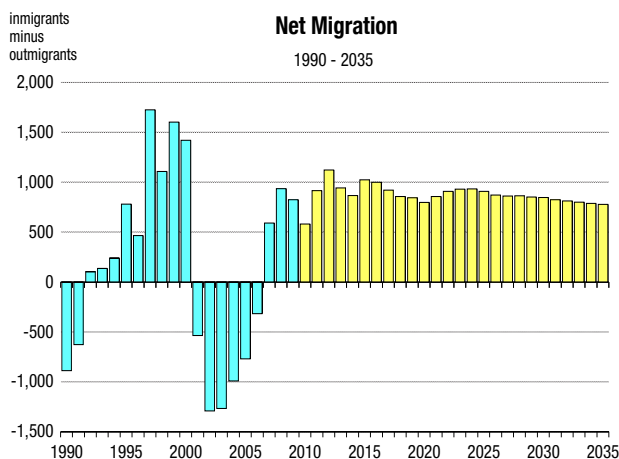
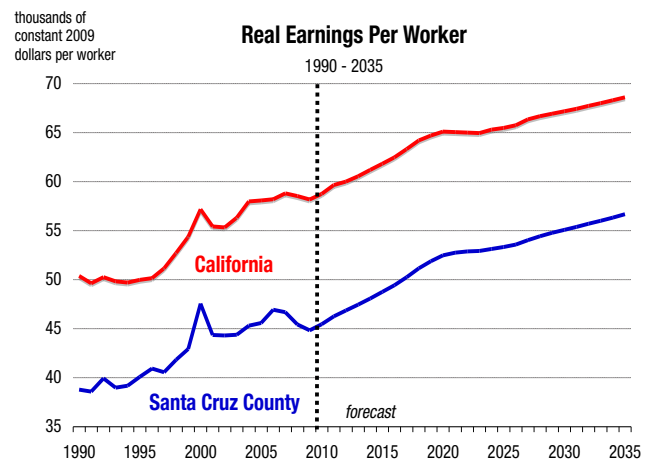
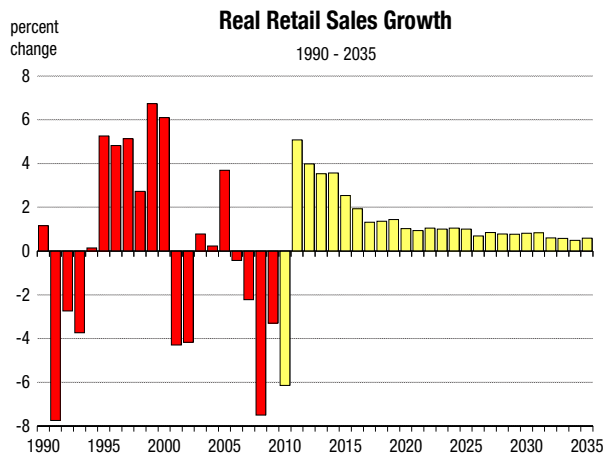


Santa Cruz County Employment Forecast

2002-2009 History, 2010-2035 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	-----employment (thousands of jobs)-----											
2002	102.9	8.3	4.8	7.5	1.6	16.9	3.8	9.9	2.2	11.7	11.6	20.7
2003	100.3	8.5	4.8	6.9	1.5	16.5	3.8	9.0	2.0	11.9	11.4	20.3
2004	100.5	7.5	5.5	7.0	1.5	16.7	3.7	9.0	1.8	12.0	11.2	21.0
2005	101.3	7.8	5.8	6.9	1.5	16.8	3.7	9.3	1.6	11.9	11.0	21.3
2006	102.4	7.4	5.9	6.5	1.5	17.3	3.8	10.0	1.4	12.1	11.1	21.8
2007	103.4	7.8	5.4	6.3	1.6	17.4	3.7	10.0	1.2	12.4	11.5	22.2
2008	101.9	8.4	4.7	6.0	1.5	16.5	3.5	9.9	1.1	12.5	11.4	22.4
2009	98.5	9.4	3.6	5.5	1.5	15.4	3.3	9.6	1.0	12.5	10.9	22.0
2010	97.5	9.3	3.4	5.4	1.5	14.9	3.2	9.7	1.0	12.7	11.0	21.5
2011	99.3	9.3	3.6	5.5	1.6	15.4	3.3	9.9	1.0	12.9	11.1	21.7
2012	101.6	9.3	4.2	5.7	1.6	15.9	3.3	10.0	1.1	13.1	11.3	22.0
2013	103.8	9.3	4.7	5.8	1.6	16.3	3.3	10.2	1.1	13.4	11.4	22.4
2014	105.8	9.3	5.1	5.9	1.6	16.7	3.4	10.4	1.1	13.6	11.6	22.9
2015	107.4	9.3	5.3	5.8	1.7	17.1	3.4	10.5	1.1	13.8	11.8	23.3
2016	109.0	9.3	5.6	5.8	1.7	17.3	3.4	10.7	1.1	14.1	11.9	23.6
2017	110.3	9.3	5.7	5.8	1.7	17.5	3.5	10.8	1.1	14.3	12.1	24.0
2018	111.6	9.3	5.7	5.8	1.8	17.7	3.5	10.9	1.1	14.5	12.2	24.4
2019	113.0	9.4	5.7	5.8	1.8	18.0	3.5	11.1	1.1	14.8	12.3	24.8
2020	114.1	9.4	5.7	5.7	1.8	18.1	3.5	11.2	1.1	15.1	12.5	25.3
2021	115.5	9.3	5.6	5.7	1.8	18.3	3.5	11.4	1.1	15.5	12.6	25.7
2022	117.1	9.3	5.7	5.7	1.9	18.5	3.5	11.5	1.1	15.9	12.7	26.2
2023	118.7	9.4	5.7	5.7	1.9	18.7	3.6	11.7	1.1	16.3	12.8	26.6
2024	120.3	9.4	5.7	5.7	1.9	18.9	3.6	11.8	1.1	16.7	12.9	27.0
2025	121.8	9.5	5.7	5.8	2.0	19.0	3.7	12.0	1.1	17.1	13.0	27.4
2026	123.1	9.5	5.7	5.8	2.0	19.2	3.7	12.1	1.1	17.4	13.1	27.8
2027	124.5	9.5	5.7	5.8	2.0	19.4	3.8	12.3	1.1	17.7	13.2	28.2
2028	125.8	9.6	5.7	5.9	2.0	19.5	3.8	12.4	1.1	18.0	13.3	28.6
2029	127.2	9.6	5.6	5.9	2.1	19.7	3.9	12.5	1.1	18.3	13.4	29.0
2030	128.5	9.6	5.6	6.0	2.1	19.8	3.9	12.6	1.1	18.7	13.5	29.4
2031	129.8	9.5	5.6	6.0	2.1	20.0	4.0	12.7	1.1	19.0	13.7	29.9
2032	131.2	9.6	5.5	6.0	2.2	20.2	4.0	12.9	1.1	19.3	13.8	30.3
2033	132.6	9.6	5.5	6.1	2.2	20.3	4.1	13.0	1.1	19.6	13.9	30.7
2034	134.0	9.7	5.5	6.1	2.2	20.4	4.2	13.1	1.1	20.0	14.0	31.2
2035	135.4	9.8	5.4	6.2	2.2	20.6	4.2	13.2	1.1	20.3	14.1	31.6





County Economic and Demographic Indicators

Projected Economic Growth (2010-2015)

Expected retail sales growth:	20.2 %
Expected job growth:	10.2 %
Fastest growing jobs sector:	Construction
Expected personal income growth:	16.1 %

Expected population growth:	5.2 %
Net migration to account for:	34.2 %
Expected growth in number of vehicles:	4.4 %

Demographics (2009)

Unemployment rate (December):	13.5 %
County Rank* in California (58 counties):	28th
Working age (16-64) population:	71.2 %

Population with B.A. Degree or higher:	33.5 %
Median Home Selling Price:	\$481,940
Median Household Income:	\$66,548

Quality of Life

Violent Crime rate (2008):	469 per 100,000 persons
County Rank* in California (58 counties):	37th
Average Commute Time to work (2009):	30.3 minutes

High School drop out rate (2008):	14.0 %
Households at/below poverty line:	7.3 %

* The county ranked 1st corresponds to the lowest rate in California